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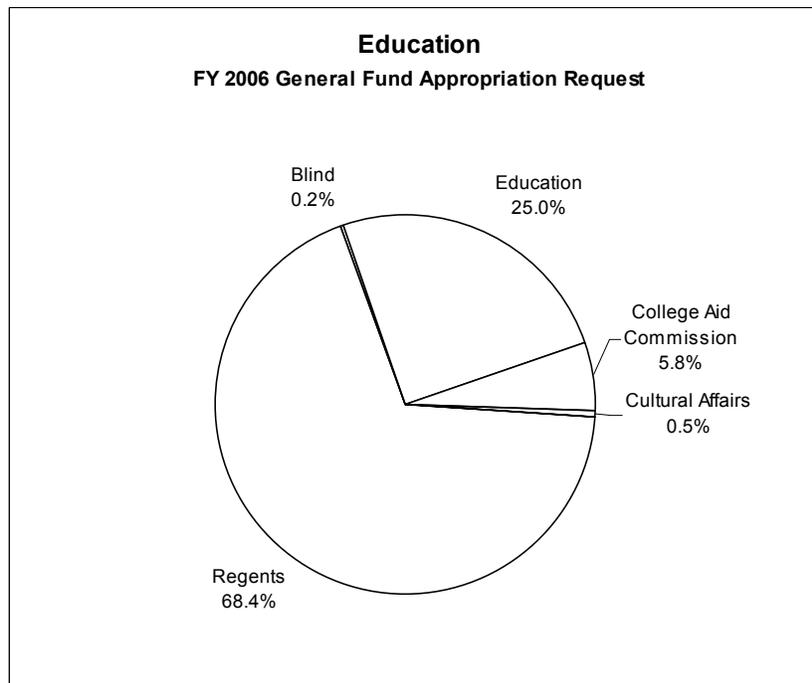
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Education

FY 2006 General Fund Appropriation Request

Blind	\$ 1,998,408
College Aid Commission	55,290,426
Cultural Affairs	5,256,757
Education	239,076,260
Regents	654,308,628
	\$ 955,930,479

**Education Appropriation Subcommittee
FY 2006 General Fund Requests**

	Estimated Net FY 2005	Dept Request FY 2006	FY 2006 vs. FY 2005	Description of Changes
<u>Iowa Commission for the Blind</u>				
Department for the Blind	\$ 1,586,843	\$ 1,998,408	\$ 411,565	General increase (26.0%) - see Issues.
<u>College Aid Commission</u>				
Operations & Loan Program				
Scholarship and Grant Admin	\$ 347,914	\$ 347,914	\$ 0	
Student Aid Program (IA Grants)	1,029,784	1,029,784	0	
Osteopathic University Prime	346,451	346,451	0	
National Guard Loan Program	2,900,000	2,900,000	0	
Teacher Shortage Forgive. Loan	460,472	460,472	0	
Osteopathic Forgivable Loans	50,000	50,000	0	
Total Operations & Loan Program	5,134,621	5,134,621	0	
Standing Grant & Loan Program				
Tuition Grant Program Standing	47,157,515	47,157,515	0	
Scholarship Program Standing	465,175	465,175	0	
Voc Tech Grant - Standing	2,533,115	2,533,115	0	
Total Standing Grant & Loan Program	50,155,805	50,155,805	0	
Total College Aid Commission	\$ 55,290,426	\$ 55,290,426	\$ 0	
<u>Department of Cultural Affairs</u>				
Department of Cultural Affairs				
Cultural Affairs - Admin.	\$ 232,652	\$ 232,652	\$ 0	
Cultural Grants	299,240	299,240	0	
State Historical Society	3,040,920	3,040,920	0	
Historical Sites	526,459	526,459	0	
Iowa Arts Council	1,157,486	1,157,486	0	
Total Department of Cultural Affairs	\$ 5,256,757	\$ 5,256,757	\$ 0	
<u>Department of Education</u>				
Administration				
Dept. of Ed. Administration	\$ 5,409,889	\$ 5,409,889	\$ 0	
Vocational Ed. Admin.	514,828	514,828	0	
Board of Ed. Examiners	0	0	0	
Vocational Rehabilitation	4,322,805	4,322,805	0	
Independent Living	54,150	54,150	0	
State Library	1,377,325	1,377,325	0	
Library Service Areas	1,376,558	1,376,558	0	
Iowa Public Television	6,591,216	7,109,544	518,328	Replace one-time funding from Teacher Quality carry-forward; transfer from Regional Telecommunication Councils (RTCs).
IPTV - Regional Councils	1,600,806	1,240,478	-360,328	Transfer IPTV allocation to IPTV general operations appropriation.
School Food Service	2,509,683	2,509,683	0	
Total Administration	23,757,260	23,915,260	158,000	
Department of Education				
Achievement Gap Grants	500,000	0	-500,000	FY 2005 one-time appropriation.
Grants & State Aid				
Enrich Iowa Libraries	1,698,432	1,698,432	0	
Vocational Educ Secondary	2,936,904	2,936,904	0	
Empowerment Bd - Early Child.	13,381,594	13,381,594	0	

**Education Appropriation Subcommittee
FY 2006 General Fund Requests**

	Estimated Net FY 2005	Dept Request FY 2006	FY 2006 vs. FY 2005	Description of Changes
Department of Education (con't.)				
Nonpublic Textbooks	590,458	590,458	0	
Student Achievement	45,283,894	50,783,198	5,499,304	Increase needed to maintain teacher salaries at FY 2005 level.
Jobs For America's Grads	400,000	400,000	0	
Total Grants & State Aid	64,291,282	69,790,586	5,499,304	
Community College				
MAS - General Aid	139,779,244	145,370,414	5,591,170	General increase (4.0%).
Total Department of Education	\$ 228,327,786	\$ 239,076,260	\$ 10,748,474	
Board of Regents				
Regents Board Office	\$ 1,166,215	\$ 0	\$ -1,166,215	
Tuition Replacement	13,009,474	0	-13,009,474	
Southwest Iowa Resource Center	105,956	0	-105,956	
Tri State Graduate Center	77,941	0	-77,941	
Quad Cities Graduate Center	157,144	0	-157,144	
BOR Universities	0	558,860,165	558,860,165	
BOR Special Schools	0	13,755,786	13,755,786	
BOR Health services	0	42,388,092	42,388,092	
BOR Natural resources	0	31,916,405	31,916,405	
BOR Economic Development	0	3,538,719	3,538,719	
BOR Univ Hygienic Lab	0	3,849,461	3,849,461	
Total Board of Regents	14,516,730	654,308,628	639,791,898	See Total below and Issues.
University of Iowa				
Univ. of Iowa: Gen. University	220,131,572	0	-220,131,572	
Indigent Patient Program: UIHC	27,284,584	0	-27,284,584	
Psychiatric Hospital	7,043,056	0	-7,043,056	
Center Dis. & Dev. (Hosp-Sch)	6,363,265	0	-6,363,265	
Oakdale Campus	2,657,335	0	-2,657,335	
University Hygienic Laboratory	3,849,461	0	-3,849,461	
Family Practice Program	2,075,948	0	-2,075,948	
SCHS - Hemophilia, Cancer	649,066	0	-649,066	
State of Iowa Cancer Registry	178,739	0	-178,739	
SUI Substance Abuse Consortium	64,871	0	-64,871	
Biocatalysis	881,384	0	-881,384	
Primary Health Care	759,875	0	-759,875	
Iowa Birth Defects Registry	44,636	0	-44,636	
Total University of Iowa	271,983,792	0	-271,983,792	See Total below and Issues.
Iowa State University				
Iowa State: Gen. University	173,269,729	0	-173,269,729	
ISU Ag & Home Ec. Exp. Sta.	31,019,520	0	-31,019,520	
ISU Cooperative Extension	19,738,432	0	-19,738,432	
ISU Leopold Center	464,319	0	-464,319	
Livestock Disease Research	220,708	0	-220,708	
Total Iowa State University	224,712,708	0	-224,712,708	See Total below and Issues.
Univ. of Northern Iowa				
University of Northern Iowa	77,831,821	0	-77,831,821	
Recycling & Reuse Center	211,858	0	-211,858	
Total Univ. of Northern Iowa	78,043,679	0	-78,043,679	See Total below and Issues.

**Education Appropriation Subcommittee
FY 2006 General Fund Requests**

	<u>Estimated Net FY 2005</u>	<u>Dept Request FY 2006</u>	<u>FY 2006 vs. FY 2005</u>	<u>Description of Changes</u>
Special Schools				
Iowa School for the Deaf	8,470,471	0	-8,470,471	
Braille & Sight Saving School	4,740,295	0	-4,740,295	
Tuition and Transportation	15,020	0	-15,020	
Total Special Schools	<u>13,225,786</u>	<u>0</u>	<u>-13,225,786</u>	See Total below and Issues.
Total Board of Regents	<u>\$ 602,482,695</u>	<u>\$ 654,308,628</u>	<u>\$ 51,825,933</u>	General increase (8.6%) - see Issues.
Total Education	<u><u>\$ 892,944,507</u></u>	<u><u>\$ 955,930,479</u></u>	<u><u>\$ 62,985,972</u></u>	

Issues

The Education Appropriations Subcommittee may wish to examine the following issues:

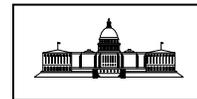
Department for the Blind

- ▶ The Department for the Blind has requested a 26.0% increase in its General Fund appropriation for FY 2006 compared to estimated FY 2005. Since FY 2003, the Department has been using interest income from its Gifts and Bequests account to backfill funding for general operations in order to avoid cutting staff and services as a result of State budget reductions. Donors and consumer groups have expressed strong objections to this practice, and the Department plans to end the practice in FY 2006. Without a significant increase in General Fund support in FY 2006, the Department will consider laying off approximately 30 staff (29.1%) and reducing services to clients.



College Student Aid Commission

- ▶ The federal Balanced Budget Act of 1997 required the return of approximately \$1.0 billion in state guaranty agency reserves by the end of Federal Fiscal Year 2002. The Iowa College Student Aid Commission's portion of this total was approximately \$39.0 million. The Commission had a five-year window (FY 1998 through FY 2002) to use interest earned on federal reserve funds for default reduction efforts. The Commission established several new programs by utilizing interest revenues. The General Assembly may wish to review the Commission's utilization of the interest funds for the past five fiscal years and receive an update on the use of any carryforward funds.



Department of Education

- ▶ The Division of Vocational Rehabilitation Services (DVRS), was unable to draw down \$2.0 million in federal funding in FFY 2004 due to a shortage of \$552,000 in non-federal match. This was the first time since 1996 that the DVRS could not match all available federal funds. The Division is estimating a 2.0% increase in available federal funding in FFY 2005 and predicts that matching dollars will again fall short, leaving the State unable to draw down \$1.9 million.

In addition to an annual State General Fund appropriation of \$4.3 million in FY 2005, the DVRS generates matching funds through third-party contracts with a variety of local and private agencies. These local and private agencies have been impacted by the downturn in the economy and, in many cases, by reduced State funding. As a result, the Division's capacity to generate additional matching funds has been strained.

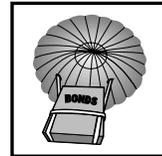
As of December 1, 2004, the DVRS has a caseload of 14,000, with more than 2,000 individuals on waiting lists.

- ▶ Tuition increases at Iowa's community colleges for the 2004-2005 school year averaged 7.1% compared to the previous year. The Chronicle of Higher Education reports that tuition at public two-year institutions increased nationwide by an average of 9.0%. However, Iowa's average community college tuition and fees for 2004-2005 (\$3,128) are 50.7% above the national average (\$2,076), according to The Chronicle.

Board of Regents

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- ▶ Requested Budget Increase for FY 2006 – The Board is asking the General Assembly to commit to a \$40.0 million increase for the three universities for each of the next four years. In exchange for this commitment, the Board has offered to reallocate \$20.0 million of funds internally each year for four years and limit tuition increases to moderate inflationary increases. The Board is also requesting an increase of 4.0% for each of the special schools (Iowa School for the Deaf and Iowa Braille and Sight Saving School) to mirror the requested increase for K-12 allowable growth. The increase of \$51.8 million illustrated in the preceding spreadsheet includes \$11.3 million for tuition replacement (debt service on academic revenue bonds) that has typically been appropriated from tobacco funds. If the \$11.3 million is deducted from the total increase of \$51.8 million, the increase compared to estimated FY 2005 is 6.7%. The tobacco funds portion of tuition replacement is typically addressed in the Transportation, Infrastructure, and Capitals Subcommittee. In addition to the General Fund request for FY 2006, the Board is requesting capital appropriations of \$15.0 million per year for five years to address fire and environmental safety and deferred maintenance needs. The Transportation, Infrastructure, and Capitals Subcommittee will also address this capital appropriations request.

- ▶ The Board of Regents received \$103.0 million in December 2001 from the sale of shares of stock as a result of the demutualization of Principal Mutual Holding Company. The General Assembly required the Board to utilize \$25.0 million of these funds for salary adjustment in FY 2003. The Subcommittee may wish to review utilization of the remaining funds.



- ▶ Tuition increases. Prior to FY 2005, the Board of Regents was subject to a statutory requirement to set tuition for the following year by November of the previous year. For example, the final decision on tuition rates for fall 2005 would be made at the regular Board meeting in November 2004. However, this requirement was eliminated from statute during the 2004 Legislative Session. At the November 2004 Board meeting, the Board reviewed a preliminary proposal to increase the base undergraduate resident tuition rate for FY 2006 by 4.0%. This would result in undergraduate resident annual tuition rates of \$5,396 at the University of Iowa, \$5,426 at Iowa State University, and \$5,387 at the University of Northern Iowa. This proposal also includes various percentage increases for other tuition categories, such as those for nonresidents and various graduate and professional programs. Additional tuition revenue to the universities, assuming the same enrollment as FY 2005, would be \$19.8 million for FY 2006.

Statewide educational topics are covered in more detail under Educational Issues in the General Fund Issues Section of this document.

Issue Reviews

The LSA staff for the Education Appropriations Subcommittee completed two **Issue Reviews** during the 2004 legislative interim:

- ▶ [College Work Study](#)
- ▶ [Board of Regents Financial Aid](#)
- ▶ [Allocation of State Aid to Community Colleges](#)



Copies of the **Issue Reviews** are available from the LSA.

Topic Presentations

The LSA staff for the Education Appropriations Subcommittee maintains and updates **Topic Presentations** on the LSA web site:

- [Board of Educational Examiners](#)
- [Community Colleges](#)
- [Educational Excellence Program](#)
- [Iowa's Historic Sites](#)
- [Enrollments at Higher Education Institutions](#)
- [Plant Science Initiative at Iowa State University](#)
- [Teacher Shortage Forgivable Loans](#)
- [Tuition Grant Program](#)
- [Tuition Policy at the Board of Regents](#)



Copies of the **Topic Presentations** are available from the LSA.

Additional **Issue Reviews** and **Topic Presentations** relating to funding for school districts (school aid) are also available from the LSA.

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